



Testimony of Jamie Furbush
President/CEO of the Frankenmuth Chamber of Commerce and Convention & Visitors Bureau
In Support of Senate bill 611
Wednesday, March 19, 2014

House Committee on Tax Policy
Michigan House of Representatives

Good morning Chairman Farrington and members of the Committee. We appreciate very much your time and bringing up Senate bill No. 611, and the scheduling of it for Committee deliberation.

My name is Jamie Furbush, President/CEO of the Frankenmuth Chamber of Commerce and Convention & Visitors Bureau, and the current President of the Michigan Association of Convention and Visitor Bureaus. The MACVB is a statewide organization of 46 large and small convention and visitors bureaus whose mission is to serve and advocate for our members through education and communication, while representing their legislative interests.

Today, we are here to show our support for Senate bill 611, a bill which would provide a local CVB with additional enforcement tools if they are forced to go to court to collect their local marketing assessments from delinquent lodging properties.

Authorized by the Community Convention or Tourism Marketing Act, Public Act 395 of 1980, your local CVB exists to promote convention business and tourism in certain counties and areas throughout Michigan. The CVB marketing programs are financed through a room assessment which is voluntarily established by the owners of the lodging facilities. It is legally and constitutionally not a tax, but rather a self-imposed assessment put in place by a vote of the owners of the lodging properties within a CVB district.

Because CVB assessments are not an actual tax levy, the normal enforcement tools available for the collection of delinquent taxes are not available to the local CVBs operating under Public Act 395 of 1980. In essence, local CVB's must commence their own independent civil court action grounded in contract law to force a lodging facility to turn over the room assessments that are due from the lodging establishment, but not remitted to the CVB.

Engaging in this type of independent court action can be of considerable expense to the CVB. Knowing that after the CVB pays for attorney fees, court costs, and the time spent pursuing legal redress (meaning not much could be left over), a handful of lodging properties will try to take advantage of the situation and keep the funds for their own purposes.

Senate Bill 611 will allow the CVB to recover reasonable attorney fees and court costs incurred to collect delinquent assessments. Based on my experience, this could go a long way toward persuading delinquent facilities to remit assessments they have already collected - but kept for themselves - before the CVB commences a court action. Or, at least if the CVB is forced to follow through with court action, it will be made whole for its efforts to collect delinquent assessments – meaning the other lodging facilities in the CVB district will be able to have their assessments used for the original purpose (destination marketing), rather than attorney fees and court costs.

The language proposed by SB 611 was also used for regional CVB's in the legislation passed by the Legislature in 2010 (Public Act 254 of 2010).

In conclusion, it is MACVB's sincere hope that you will see why Senate Bill 611 makes sense, so that the dollars lodging properties collect on behalf of your local CVB are used for the purposes for which they are intended – local promotion of convention business and tourism for their area.

Once again, thank you for the opportunity to be here. If there are any questions, I would be happy to try to answer them at this time.